

Ref. No. : NEXGEN/PGIL-PDS/Scheme of Arrangement/12-13/01

Date: November 19th, 2012

Annexure - N

The Board of Directors

Pearl Global Industries Ltd. ("PGIL")

A-3, Community Center,

Naraina Industrial Area, Phase - II

New Delhi - 110028

&

The Board of Directors

PDS Multinational Fashions Ltd. ("PDS")

A-3, Community Center,

Naraina Industrial Area, Phase - II

New Delhi - 110028

Subject: Clause 24 (h) of the Listing Agreement: "Fairness Opinion" of Independent Merchant Banker

Ref: Scheme of Arrangement between Pearl Global Industries Ltd. ("PGIL") & PDS Multinational Fashions Ltd. ("PDS") and their respective Shareholders & Creditors through Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956

Dear Sir(s)

With reference to the Proposed Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 between Pearl Global Industries Ltd. ("PGIL or Transferor") & PDS Multinational Fashions Ltd. ("PDS or Transferee") & their respective Shareholders & Creditors in pursuance to business valuation carried out by **S. R. Dinodia & Co., Chartered Accountants and B. R. Gupta & Co., Chartered Accountants ("the Valuers.")** for determining the fair share exchange ratio of PGIL and PDS as on March 31st, 2012.

We as a Merchant Banker hereby certify that pursuant to the Clause 24 (h) of the Listing Agreement, we have reviewed the valuation report prepared by the Valuers and are of the opinion that the Swap Ratio (Exchange Ratio) of Shares of the above companies should be taken as "**Fair**" for the Proposed scheme of arrangement section 391 to 394 of the Companies Act, 1956 under in view of our understanding & review of the report of the Valuers herein placed below:

1. ABOUT THE COMPANIES

The Business Segments of both the companies are given herein under:

Pearl Global Industries Ltd. ("PGIL") - the Demerged Company was incorporated on July 5th, 1989 under the Companies Act, 1956 with the Registrar of Companies, Delhi. The company is engaged in the business of manufacturing, export, import and trading which includes sourcing, distribution and marketing of ready to wear garments.

The Shares of the company are listed on both National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).

PDS Multinational Fashions Limited ("PDS") - the Resulting Company was incorporated on April 6th, 2011. PDS is the wholly owned subsidiary of PGIL and is inter – alia engaged in the business of trading which includes sourcing, distribution and marketing of ready to wear garments. The Shares of the company are not listed on any stock exchange.

2. PROPOSED SCHEME OF ARRANGEMENT

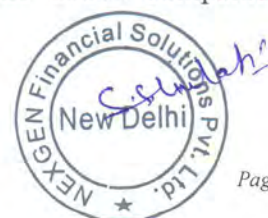
PGIL is planning to demerge one of its undertakings (i.e. Sourcing, Distribution and Marketing business of PGIL) and will merge the said undertaking with and into PDS pursuant to Sections 391 to 394 of the Companies Act, 1956 and PDS will be the Resulting Entity. The Equity Shares of PDS will be issued to the equity shareholders of PGIL on a proportionate basis as per fair exchange ratio of 6:5 (i.e. 6 Equity Shares of Rs. 10 each fully paid in PDS shall be offered for every 5 Equity Shares of Rs. 10 each fully paid up held in PGIL) as calculated by Valuers.

3. PURPOSE OF VALUATION

Pursuant to the scheme of arrangement PGIL is proposing for the demerger of the Demerged Undertaking from it and subsequent merger/amalgamation of the said Demerged Undertaking with and into PDS, the shareholders of PGIL are to be allotted shares of PDS, as per the proposed Scheme of Arrangement. For this purpose, a proper valuation of the Shares of both the entities needs to be carried out in compliance with Sections 391 to 394 as prescribed under the Companies Act, 1956 and stock exchange listing requirements.

4. VALUATION APPROACH BY VALUER

For the purpose of ascertaining the reasonableness of this valuation, various quantitative factors have been considered by the Valuer based upon the financial details of the respective companies. The Valuer has determined the respective Equity Valuation of the above companies for determining the exchange ratio by using Net Asset Value Method.



The valuer has further taken into account the increased net worth of the subsidiaries of the demerged entity, copies of annual accounts and other financial statements of the companies under arrangement besides the discussions with the management of both the companies regarding past and present operations of these companies in order to arrive at proper valuation of the respective business (es).

5. Our Opinion with Regard to the Overall Valuation Methodology

On the basis of our understanding and on the basis of independent valuation done by the valuers, we hereby opine that the Share Exchange Ratio of **6:5**, i.e. shareholders holding five (5) Equity Shares of Rs. 10 each fully paid of PGIL would get six (6) Equity Shares of Rs. 10 each fully paid up of PDS as determined by the valuers, is **fair and reasonable** and may be adopted for share exchange with regard to the proposed de-merger of the companies.

6. Disclaimer Clause

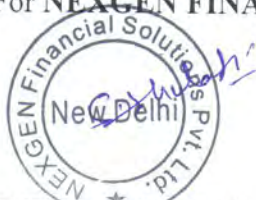
We hereby declare that we have no direct / indirect interest in the Companies/assets valued. Our work did not constitute an audit in accordance with the Generally Accepted Auditing Standards, an examination of internal controls or other attestation or review services.

Further, we would like to represent that the above valuation exercise used in the determination of above exchange ratio does not necessarily represent a pure scientific approach or a universally used valuation methodologies. Since the valuation is a very dynamic and subjective in nature, the values have been derived and frozen on the basis of related assumptions through an independent opinion on the basis of the material facts placed thereon. Further, our opinion with regard to the fairness on the valuation done by the valuer is done purely to ascertain "Fairness" from a general & independent point of view and has mainly concentrated towards ensuring that no material discrepancies are prevalent in the report.

We would also like to take this opportunity to thank the management of both the companies for the cooperation and support provided to our team in carrying out this assignment.

This certificate is being issued on the request of the company for filing the same with regulatory authorities.

For **NEXGEN FINANCIAL SOLUTIONS PRIVATE LIMITED**



SUKHVINDER SINGH
Sr. Associate